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Message Text

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62
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 AF-06

/108 W

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R 111725Z SEP 75
FM AMEMBASSY RABAT
TO SECSTATE WASHDC 6451
AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: EINV ENRG EIND MO
SUBJECT: ESSO MOROCCANIZATION TALKS: DATE FOR NEXT ROUND

LONDON PLEASE PASS SUBSTANCE PARA 2 TO ESSO AFRICA PRESIDENT VASTOLA

NEA/AFN PLEASE PASS AMBASSADOR NEUMANN

REF: RABAT 3644; STATE 172683; RABAT 2965

1. VASTOLA CALLED LONG DISTANCE SEPT 11 TO SAY HE'S BEEN CONTACTED BY SNPP PRESIDENT DOUIEB WHO REPORTED GOM NOW READY TO DISCUSS ESSO'S JUNE 24 HUNDRED PER CENT SALE PROPOSAL. VASTOLA ASKED ECOUN TO ARRANGE MEETING FOR WEEK OF SEPT 22 AND TO TRY TO ENSURE SKALLI IN CHAIR.

2. SKALLI HAS SET TUESDAY, SEPT 23 AS DATE FOR NEXT ROUND, 10:30 A.M. HIS OFFICE. ECOUN WILL ACCOMPANY VASTOLA IF DESIRED.
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3. COMMENT: VASTOLA SAYS DOUIEB HINTED VALUATION NO LONGER MAJOR PROBLEM, BUT GOM MAY NOW PREFER 100 PER CENT ESSO SALE TO SOME OTHER MOROCCANIZED OIL COMPANY RATHER THAN DIRECTLY TO GOM SINCE IT WOULD AVOID NEED TO CREATE NATIONAL OIL COMPANY AT THIS MOMENT. THIS ROUTE WOULD ALSO REDUCE DRAIN ON CENTRAL BUDGET AT TIME OF CASH-FLOW SQUEEZE BY ALLOWING AT LEAST PART OF PURCHASE PRICE TO BE COVERED BY TRANSFER OF EXISTING BLOCKED DIRHAM ACCOUNT OF OTHER OIL COMPANY.

4. WE FEAR HOWEVER THAT DESPITE DOUIEB STATEMENT, VALUATION MAY YET PROVE TROUBLESOME. SALE TO ANOTHER COMPANY WOULD DIMINISH VALUE OF ESSO OFFER TO PERMIT USE OF TRADEMARKED GOODS UNDER AGENCY AGREEMENT. ALSO RAISES PROBLEM OF GETTING THIRD PARTY AGREEMENT ON VALUATION AND BRINGS UP PROBLEM HOW POTENTIAL ACQUIROR OF ESSO ASSETS WOULD HANDLE PAYMENT FOR PORTION OF SALE PRICE NOT COVERED BY BLOCKED FUNDS. GOM COULD BE THINKING OF PERMITTING PAYMENT OUTSIDE OF MOROCCO (OR EXCHANGE AUTHORIZATION FOR WASH TRANSACTION IN WHICH E.G. MOBIL OR BP COULD TRANSFER IN ONE OR TWO MILLION DOLLARS AND ESSO COULD THEN TRANSFER IT BACK OUT). THIS WOULD SWEETEN DEAL FOR ESSO AND MIGHT CONSTITUTE GOM COUNTER-PROPOSAL TO ESSO EXCHANGE RATE GUARANTEE PROPOSITION. BUT GOM ATTEMPT TO PRESSURE ANOTHER COMPANY INTO EXPANDING CAPITALIZATION HERE SO SOON AFTER RELUCTANT MOROCCANIZATION--AND TO ADVANTAGE OF ESSO WHICH WOULD THEREBY BE ABLE TO WASH ITS HANDS OF MOROCCAN INVOLVEMENT--RAISES WHOLE RANGE OF NEW QUESTIONS AND DOUBTS.

5. ON POSITIVE SIDE, IF MORE HOPEFUL INTERPRETATION OF RECENT MINFIN STIRRINGS CORRECT, GOM MAY HAVE DECIDED TO ACCEPT ESSO PROPOSAL ON COMMERCIAL INTEREST RATE, EXCHANGE RATE GUARANTEE, OR DOLLAR DENOMINATION RE BLOCKED ACCOUNT PROCEEDS OF SALE. IN THIS CASE WE WOULD, ON BALANCE, SAY OUTLOOK FOR SETTLEMENT AGAIN MODESTLY SANGUINE.
COON

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TAGS: EINV, ENRG, EIND, MO, ESSO
To: STATE LONDON
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